

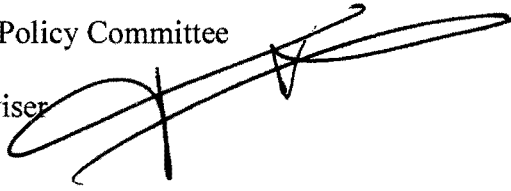
GO COMMITTEE #2  
November 14, 2011

Worksession

**MEMORANDUM**

November 10, 2011

TO: Government Operations and Fiscal Policy Committee  
FROM: Dr. Costis Torgas, Council IT Adviser  
SUBJECT: Discussion on FY13 Cable Fund



Expected to attend:

Representative of the Chief Information Officer, Department of Technology Services  
Mitsuko R. Herrera, Cable and Broadband Administrator, Department of Technology Services  
Representative from the Office of Management and Budget  
Members of the Public Education and Government (PEG) Network  
Chair of the Cable Communications Advisory Commission

Staff Recommendations

1. The Committee should review the revenue forecast methodology in subsequent sessions, and be assured that the revenue numbers that will be used in the FY13 budget submission are more in line with historical evidence.
2. The Committee should request that the discussions and determinations reached be reflected, where feasible, in the January 15 Preliminary Cable Plan.

## Background

The reason for this planning session is a request by the Committee to have a chance to appreciate the revenue and services picture relating to the Cable Fund before the Executive assembles his budget. The current Cable Plan is on ©1-2. In this way, both the preliminary budget he submits according to the County Budget Resolution by January 15, as well as his final budget submission on March 15 can be effectively informed as to the Council priorities. It is understood that, if this effort is deemed successful, subsequent budget cycles may continue to innovate and consider additional change to the process.

Staff recommends a review of major revenue flows so that a better appreciation of which portion of the Cable revenues are “earmarked” for specific purposes by legal or other mandates and which portion can be viewed as resources under the policy direction of the Council. In addition, the major expenditure categories should reveal current priorities and allow the Committee to express early preferences and new initiatives for the Executive branch to consider. This is particularly relevant given the strong interest in shifting the technological as well as the cultural foundation of the County’s outward-facing communications strategy, something that falls under the purview and mandate of the Cable Plan.

## Revenues

The Cable Fund revenues come from a variety of sources: franchise fees (5% of gross revenues of franchisees), PEG-earmarked revenues from 3% fees which are for operating and capital projects, I-Net operating revenues, Tower application fees, Investment income and various grants. The Table below shows these revenues over the last 3 years:

	Actual FY10	Estimated FY11	Approved FY12
Franchise fees 5%	12.4	13.9	15.0
Gaithersburg PEG	.1	.2	.2
PEG Capital	.3	4.1	4.8
PEG Operating	4.9	2.1	2.1
I-Net Operating	1.6	1.6	1.7
Tower Apps fees	.2	.2	.2
Investments	.01	.03	.02
Verizon grant	.2	.2	0
Misc charges	.01	0	0
Totals (in \$m)	19.8	22.4	24.1

Table 1: Cable Fund revenues (in \$millions)

Source: OMB Approved County budget documents

A quick review of the revenues show a strong increase which belies the tough economic conditions and downward trends of other major sources of revenue for the County. Reasons for this increase may include a social trend towards connectivity and stay-at-home entertainment choices made by residents, as well as the expanding set of services and increased pricing offered

by the franchisees. The Committee may want to consider how best to capture the investment opportunity for new ideas made possible by this trend. In the recent past, much of this revenue increase has been transferred into the general fund in order to cover major unfunded priorities.

Table 1 also underlines the complexity of budget choices: the highlighted rows (Franchise fees 5%, Tower App fees and Investment income) are revenue that are not tied to any particular allocation and would allow a useful perspective of how much revenue is truly discretionary and can be allocated to any purpose.

Being able to target revenue increases in the telecommunications and community communications areas is made more difficult by the apparent difficulty in estimating future revenues. The end result of persistent underestimation of revenues is significant portions of Cable Revenues, which are not viewed and allocated by the Council within the Cable Plan, but directly transferred into the General Fund at some point of the budget cycle. The following Table will make this point clearly, using data from 6 years of Cable Fund revenues:

Year	Budget/Approved	Estimated	Actual	(Actual-Budget)	(Actual-Estimated)
2011	20.4	22.4	Not available	-	-
2010	17.5	19.2	19.8	2.3	.6
2009	15.8	17.0	17.6	1.2	.6
2008	14.5	15.9	16.2	1.7	.3
2007	13.0	14.1	14.4	1.4	.3
2006	12.6	15.0	15.4	2.8	.4

Table 2: Cable Fund trends (in \$millions)

Source: OMB Approved County budget documents

Table 2 details three revenue numbers: the amount budgeted by the Executive and approved by the Council, the amount estimated at some point during the year, and the actual amount as determined by the actual revenues received. The last two columns of the Table present the differences between the actual amount received and the two relevant budget figures: what is presented and approved, and what is estimated. Note that the amount budgeted is usually identical to the amount approved as the Council does not have an independent estimation responsibility and will approve the Executive's numbers as presented.

The interpretation of the first difference is straightforward: the information available during the budget process is insufficient to make a reasonable estimate. Given the strong, positive difference, it would seem that the current estimating procedure should be enhanced with historical data and the amounts budgeted be set at higher levels- something which would allow the Cable Plan to invest up front in additional priority projects and services. The last column is more difficult to interpret, as the "estimate" number is not one that is seen by the Council at any point prior to the completion of the budget year for which the estimate is relevant. Therefore, even though the estimated revenues do a far better job of tracking actual revenues, their use comes too late for the Committee and Council to act.

The Committee should discuss these interpretations with the Executive branch during the November 14<sup>th</sup> worksession and form recommendations for the Executive branch to consider. The revenue estimating formulas should be described in some detail, and improvements highlighted. Finally, the timing of the release of the “estimated revenues”, and the role of the Committee in sing these revised estimates should be resolved with clarity.

### Major areas of Cable Fund investment

Once the designated, pass- through revenues are distributed to their designated place (other municipalities or whom we serve as the collection and distribution point, for example), the balance of the Cable Fund Revenues are invested in three major categories:

The Cable Office, which administers the franchises, tower applications and other broadband responsibilities

The Public, Education and Government network of organizations and

FiberNet, the broadband based system that provides connectivity throughout the County and all agencies.

Representatives from each of these broad categories of Cable Fund investment will be present to discuss how they see the upcoming year. Their presentation is on © 3-22. However, several general observations should be made.

- FiberNet is completing a major multi-year plan, which will be available for review in the winter/spring time frame. There is a governance structure that involves both technical, as well as policy people from all agencies, which is responsible for this plan and its subsequent implementation. Assisted by a recent ARRA grant, the deployment of FiberNet will be complete throughout the geography of the County very soon, leaving ahead the responsibility of maintenance and upgrade of the system.

Up till 2 years ago, the funding for FiberNet was split 50%/50% between the Cable Fund and the County operating budget. In recent years, however, the entire cost has been shifted to the Cable Fund, making FiberNet, an essential element of infrastructure, dependent on an external revenue source. Observers of cable legislation do not discount the possibility of an eventual radical change in revenue allocations by the FCC, an alternative that could have dire consequences for the stability and reliability of FiberNet.

In prior budget years, discussions around using a Public Private Partnership model that might reduce the County-borne costs in FiberNet, while retaining its excellent performance and service profile have not produced any viable options. It remains an option that could be explored if a private sector partner could be found, and would follow Good Practice in several other jurisdictions .

- The “PEG network” is nomenclature that reflects past general practices and FCC reporting. However, in the recent past, the organizations involved have decided to unify behind a common “brand” called WatchlocalTV.org, and it is that name that the Committee will see in subsequent discussions.

The WatchlocalTV.org leaders will be prepared to discuss several aspects of their FY13 plans:

- performance measures update
  - top accomplishments
  - individual presentations
  - FY13 initiatives
- A significant allocation was made in the FY12 Cable Plan towards beginning a transition of the PEG infrastructure and TV formats to an all-High Definition platform. This eventually should lead to interoperable equipment, better sharing practices and a better viewing experience for the wathclocalTV.org channels.
- FY13 is an important year as it will mark the reconsideration of the Comcast franchise. In order to perform this function, the County has to conduct community surveys, explore bottlenecks and gaps between community needs and Comcast offers and in general focus on this important partnership. This will be a good opportunity to provide support to initiatives that otherwise may not find funding and support, and also give a chance for the County to hear from the community on a broad array of issues. The Committee should explore the anticipated process that will be used and ensure that Council perspectives are included.

### Council issues

Council offices have raised a few issues related to the Cable Plan intent recently; these do not represent an exhaustive set, but are illustrative of current interests. The November 14<sup>th</sup> discussion will allow an airing of these priorities, and a discussion around improved ways that such priorities can be incorporated in the Cable Plan.

- New technologies strengthening accessibility, transparency and accountability, the topic of a recent Committee session
- The review and improvement of the County web site, making it more responsive to the end user, also discussed in the prior Committee session
- The development and broad dissemination of a Community Communications Plan with strong participation of community segments in its creation and support
- The increase in the number and reach of WiFi networks in neighborhoods so that more citizens can enjoy the benefits of broadband connectivity no matter what their economic capability

### Concluding Remarks

It is important to understand that this is not a budget session. It is a dialog between the Committee and appropriate members of the Executive branch and other Cable Plan stakeholders

so that early understanding and appreciation can be reached on priority services for FY13. In doing so, it is hoped that a new process might be laid out that strengthens the communications between legislative and executive branch, resulting in improved targeting of scarce resources.

FY12 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (\$000's)													
		Approved FY10	Actual FY10	Approved FY11	Est'd FY11	Approved FY12	Change fr FY11 App \$%		FY13	FY14	FY15	FY16	FY17
1	BEGINNING FUND BALANCE	2,069	4,809	114	2,736	1,129	1,015	890%	113	3,452	2,412	2,401	1,711
2	REVENUES												
3	5% Franchise Fee	11,280	12,435	12,533	13,939	14,997	2,484	20%	15,629	16,281	16,667	16,998	17,338
4	Galthersburg PEG Contribution	167	140	164	197	197	33	20%	199	203	207	211	215
5	PEG Operating Support	2,080	2,069	2,111	2,092	2,134	23	1%	2,178	0	0	0	0
6	PEG Capital Equipment Grant	1,990	3,148	3,484	4,169	4,809	1,325	38%	5,149	9,757	10,000	10,199	10,403
7	Verizon - Facilities Grant	200	200	200	200	0	(200)	-100%	0	0	0	0	0
8	FiberNet Operating & Equipment Grant	1,637	1,628	1,660	1,646	1,678	18	1%	1,712	0	0	0	0
9	Interest Earned	30	9	30	10	20	(10)	-33%	50	120	170	230	270
10	TFCG Application Review Fees	80	194	203	172	248	43	21%	150	140	140	140	140
11	Miscellaneous	0	9	0	23	0	0	0%	0	0	0	0	0
12	Transfer from the General Fund	0	0	0	0	0	0	0%	0	0	0	0	0
13	TOTAL ANNUAL REVENUES	17,484	19,830	20,385	22,448	24,081	3,696	18%	25,065	26,481	27,184	27,778	28,366
14	TOTAL RESOURCES-CABLE FUND	19,553	24,639	20,499	25,184	25,210	4,711	23%	25,178	29,933	29,596	30,179	30,077
15	NON-DISCRETIONARY EXPENDITURES (a)												
16	A. MUNICIPAL EQUIPMENT & OPERATIONS												
17	Municipal Franchise Fee Distribution												
18	City of Rockville	460	456	464	543	559	95	21%	590	619	649	682	717
19	City of Takoma Park	199	192	198	216	195	(1)	-1%	198	202	206	209	213
20	Other Municipalities	152	157	159	189	221	62	39%	236	245	254	264	274
21	SUBTOTAL	812	806	819	948	975	156	19%	1,024	1,065	1,109	1,156	1,205
22	Municipal Capital Support												
23	Rockville Equipment	276	487	466	586	682	216	48%	732	787	846	910	978
24	Takoma Park Equipment	276	487	466	586	682	216	48%	732	787	846	910	978
25	Municipal League Equipment	276	487	396	516	612	216	55%	682	787	846	910	978
26	SUBTOTAL	828	1,461	1,328	1,689	1,976	648	48%	2,127	2,361	2,538	2,729	2,935
27	Municipal Operating Support												
28	Rockville PEG Support	70	28	70	74	76	6	8%	77	80	84	88	92
29	Takoma Park PEG Support	70	28	70	74	76	6	8%	77	80	84	88	92
30	Muni. League PEG Support	70	28	140	144	146	6	4%	147	80	84	88	92
31	SUBTOTAL	211	78	280	293	298	18	6%	302	240	252	264	276
32	SUBTOTAL	1,851	2,347	2,427	2,930	3,248	821	34%	3,454	3,667	3,899	4,148	4,416
33	NET TOTAL ANNUAL REVENUES	15,633	17,483	17,958	19,518	20,833	2,875	18%	21,611	22,814	23,285	23,830	23,950
34	NET TOTAL RESOURCES-CABLE FUND	17,702	22,292	18,072	22,284	21,962	3,890	22%	21,724	26,266	25,697	26,031	26,661
35	EXPENDITURES												
36	A. Transmission Facilities Coordinating Group												
37	TFCG Application Review	180	43	275	141	225	(50)	-18%	225	225	225	225	225
38	SUBTOTAL	180	43	275	141	225	(50)	-18%	225	225	225	225	225
39	B. FRANCHISE ADMINISTRATION												
40	Personnel Costs - Cable Administration	705	562	794	794	794	(0)	0%	833	960	1,029	1,080	1,134
41	Personnel Costs - DTS Administration	69	60	69	69	69	(0)	-1%	71	71	71	73	73
42	Personnel Costs - Charges for County Atty	95	74	95	95	98	3	3%	100	100	102	102	105
43	Operating	73	79	80	80	70	(10)	-13%	100	100	70	70	70
44	Engineering Services	50	10	50	50	30	(20)	-40%	70	70	50	50	50
45	Inspection Services	270	40	10	10	0	(10)	-100%	10	10	10	10	10
46	Legal and Professional Services	310	227	300	300	280	(20)	-7%	450	350	300	300	300
47	SUBTOTAL	1,572	1,053	1,398	1,398	1,340	(58)	-4%	1,634	1,882	1,833	1,686	1,743
48	SUBTOTAL	1,752	1,096	1,673	1,539	1,565	(108)	-6%	1,859	1,907	1,858	1,911	1,968
49	C. MONTGOMERY COUNTY GOVERNMENT - CCM												
50	Media Production & Engineering												
51	Personnel Costs	533	461	781	781	780	(21)	-3%	798	998	1,048	1,100	1,155
52	Operating	25	11	40	40	35	(5)	-13%	35	35	35	35	35
53	Contracts - TV Production	63	18	40	40	32	(8)	-20%	32	32	32	32	32
54	New Media, Webstreaming & VOD Services	48	30	38	38	38	0	0%	38	38	38	38	38
55	SUBTOTAL	669	520	899	899	865	(34)	-4%	903	1,103	1,153	1,205	1,260
56	Public Information Office												
57	Personnel Costs	560	551	705	705	704	(1)	0%	529	556	583	613	643
58	Operating Expenses	12	13	0	0	0	0	0%	40	40	40	40	40
59	Contracts - TV Production	210	128	83	83	83	0	0%	83	83	83	83	83
60	SUBTOTAL	782	692	788	788	787	(1)	0%	652	679	706	736	766
61	County Council												
62	Personnel Costs	74	64	154	154	157	3	2%	195	205	215	226	237
63	Operating Expenses	28	11	18	18	13	(5)	-28%	40	40	40	40	40
64	Contracts - TV Production	516	486	164	164	164	0	0%	164	164	164	164	164
65	SUBTOTAL	618	561	336	336	334	(2)	-1%	399	409	419	430	441
66	MNCPPC												
67	Personnel Costs	101	141	83	78	0	(83)	-100%	0	0	0	0	0
68	Operating Expenses	21	0	0	0	0	0	0%	0	0	0	0	0
69	Contracts - TV Production	117	97	81	61	81	0	0%	81	81	81	81	81
70	New Media, Webstreaming & VOD Services	47	0	24	24	24	0	0%	24	24	24	24	24
71	SUBTOTAL	286	238	188	183	105	(83)	-44%	105	105	105	105	105
72	SUBTOTAL	2,355	2,011	2,211	2,206	2,091	(120)	-5%	2,059	2,296	2,383	2,476	2,573

FY12 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (\$000's)													
		Approved FY10	Actual FY10	Approved FY11	Est'd FY11	Approved FY12	Change fr FY11 App \$ \$	%	FY13	FY14	FY15	FY16	FY17
75	D. MONTGOMERY COLLEGE - MC ITV												
76	Personnel Costs	1,141	1,141	1,174	1,174	1,144	(30)	-3%	1,271	1,410	1,481	1,555	1,632
77	Operating Expenses	179	179	108	108	88	(22)	-20%	129	194	197	201	205
78	New Media, Webstreaming & VOD Services		0	6	8	0	(8)	-100%	6	6	6	6	6
79	SUBTOTAL	1,320	1,320	1,288	1,288	1,230	(58)	-4%	1,406	1,610	1,684	1,762	1,844
80	E. PUBLIC SCHOOLS - MCPS ITV												
81	Personnel Costs	1,385	1,385	1,393	1,364	1,308	(85)	-6%	1,464	1,627	1,708	1,793	1,883
82	Operating Expenses	197	197	98	127	117	19	19%	176	263	269	274	279
83	New Media, Webstreaming & VOD Services						0	0%	0	0	0	0	0
84	SUBTOTAL	1,582	1,582	1,491	1,491	1,425	(66)	-4%	1,639	1,890	1,977	2,067	2,163
85	F. COMMUNITY ACCESS PROGRAMMING (b)												
86	Personnel Costs	1,871	1,871	1,889	1,869	1,708	(181)	-9%	1,793	1,883	1,977	2,076	2,180
87	Operating Expenses	195	195	33	33	124	91	275%	149	152	155	158	161
88	Rent & Utilities	496	496	457	457	407	(50)	-11%	427	449	471	495	519
89	New Media, Webstreaming & VOD Services			6	8	6	0	0%	6	6	6	6	6
90	SUBTOTAL	2,562	2,562	2,385	2,365	2,245	(120)	-5%	2,375	2,489	2,609	2,734	2,866
91	G. WATCHLOCALTV.ORG												
92	PEG Equipment Replacement	940	1,083	40	32	955	915	2288%	938	2,000	2,000	2,000	2,000
93	PEG Network Operating	125	57	80	80	46	(34)	-43%	80	82	84	86	88
94	Youth and Arts Community Media	90	50	50	50	0	(50)	-100%	75	95	125	125	125
95	Foreign Language Production Services					91	91		96	100	105	111	118
96	Closed Captioning	291	109	225	225	130	(95)	-42%	225	275	325	325	325
97	Technical Operations Center (TOC)	23	8	13	13	10	(3)	-23%	20	20	25	25	28
98	PEG Network Mobile Production Vehicle	32	15	32	32	18	(18)	-50%	24	28	32	32	36
99	Emergency Equipment Reserve	80	0	0	0	0	0	0%	0	0	0	0	0
100	SUBTOTAL	1,581	1,331	440	432	1,248	808	184%	1,458	2,800	2,696	2,704	2,718
101	H. FIBERNET												
102	FiberNet - Personnel Charges for DTS	177	198	193	193	181	(12)	-6%	400	420	441	463	486
103	FiberNet - Operations & Maintenance DTS	1,013	1,085	900	900	831	31	3%	950	969	988	1,008	1,028
104	FiberNet - Personnel Charges for DOT	48	48	48	48	46	0	0%	47	48	49	50	51
105	FiberNet - Operations & Maintenance DOT	198	198	198	398	258	60	30%	308	358	365	372	380
106	OPERATING SUBTOTAL	1,434	1,507	1,337	1,537	1,418	79	6%	1,704	1,794	1,843	1,893	1,945
107	FiberNet - CIP	1,041	1,715	515	515	2,140	1,625	316%	2,084	4,646	4,212	4,220	4,768
108	SUBTOTAL	2,475	3,222	1,852	2,052	3,556	1,704	92%	3,788	6,440	6,055	6,113	6,712
109	TOTAL EXPENDITURES - PROGRAMS	15,477	15,471	13,747	14,302	16,608	2,861	21%	18,039	22,898	23,161	23,915	25,259
110	I. OTHER												
111	Indirect Costs Transfer to Gen Fund	302	302	359	359	369	10	3%	370	375	378	390	395
112	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	36	36	34	34	34	(2)	-1%	36	36	38	38	40
113	Transfer to the General Fund	3,236	6,786	6,157	8,750	8,086	1,929	31%	3,242	3,422	2,329	2,836	2,874
114	Grants to Organizations (Friendship Hits)	39	39	39	39	0	(39)	-100%	40	40	40	40	40
115	Digital Media Technology Center	0	0	0	0	0	0	0%	0	250	750	750	200
116	Alternate Data Center	0	0	0	0	0	0	0%	0	500	500	500	500
117	SUBTOTAL	3,613	7,163	6,589	9,182	8,489	1,900	28%	3,688	4,623	4,035	4,554	4,049
118	TOTAL EXPENDITURES	19,091	22,634	20,336	23,484	25,097	4,761	23%	21,726	27,521	27,196	28,469	29,308
119	J. ADJUSTMENTS												
120	Prior Year Adjustments	0	1	0	0	0	0	0%	0	0	0	0	0
121	Encumbrance Adjustment	0	730	0	0	0	0	0%	0	0	0	0	0
122	CIP - Designated Claim on Fund	0	0	0	(570)	0	0	0%	0	0	0	0	0
123	TOTAL ADJUSTMENTS	0	731	0	(570)	0	0	0%	0	0	0	0	0
124	FUND BALANCE	462	2,736	164	1,129	113	(51)	-31%	3,452	2,412	2,401	1,711	769
125	FUND BALANCE PER POLICY GUIDANCE	911	1,011	1,021	1,130	1,221	200	20%	1,266	1,322	1,358	1,389	1,420
126													
127	K. SUMMARY - EXPENDITURES BY FUNDING SOURCE												
128	Transfer to Gen Fund-Indirect Costs	338	338	393	393	403	10	3%	408	411	416	428	435
129	Transfer to Gen Fund-Mont Coll Cable Fund	1,320	1,320	1,288	1,288	1,230	(58)	-4%	1,406	1,610	1,684	1,762	1,844
130	Transfer to Gen Fund-Public Sch Cable Fund	1,582	1,582	1,491	1,491	1,425	(68)	-4%	1,639	1,890	1,977	2,067	2,163
131	Transfer to CIP Fund	1,041	1,715	515	515	2,140	1,625	316%	2,084	4,646	4,212	4,220	4,768
132	Transfer to the General Fund-Other	3,236	6,786	6,157	8,750	8,086	1,929	31%	3,242	3,422	2,329	2,836	2,874
133	FUND TRANSFERS SUBTOTAL	7,517	11,741	9,844	12,436	13,284	3,440	35%	8,777	11,978	10,617	11,313	12,063
134	Municipal Franchise & PEG Payments	1,851	2,347	2,427	2,930	3,248	821	34%	3,454	3,667	3,899	4,148	4,416
135	Fran Admin, PEG & FiberNet Op (excl Muni, GF, CIP)	12,963	11,786	11,237	11,289	11,623	386	3%	12,947	15,786	16,755	17,264	17,290
136	Fran Admin, PEG & FiberNet Op (excl Muni, GF, CIP, PEG Eq)	11,943	10,693	11,197	11,257	10,868	(529)	-5%	12,009	13,786	14,755	15,264	15,250
137	Cable Fund Direct Expenditures	11,574	10,893	10,492	11,048	11,813	1,321	13%	12,949	15,542	16,577	17,158	17,224
NOTES:													
(a) Municipal Franchise Fee, PEG Capital and PEG Operating payments are contractually required by franchise, municipal, and settlement agreements, and by the County Code.													
(b) Currently Montgomery Community Television, Inc., d/b/a Montgomery Community Media.													
These projections for the Cable TV Fund incorporate assumptions of annual resources and resource usage as well as projected end-of-year reserves available based on these assumptions. This scenario assumes that operating expenditures will experience net increases as a trend. Factors contributing to the assumed rate of increase include compensation adjustments, program and productivity improvements, and cost increases driven by inflation. The County Executive presents these fiscal projections as a tool for thinking about the future fiscal policy implications of the recommended program of expenditures and resources. Other scenarios would occur if the County Executive and County Council adopted a different program plan or if the future brings different trends than presumed in the incorporated assumptions.													



# FY13 Cable Fund

County Council, Department & Agency  
Collaborative Budget Development

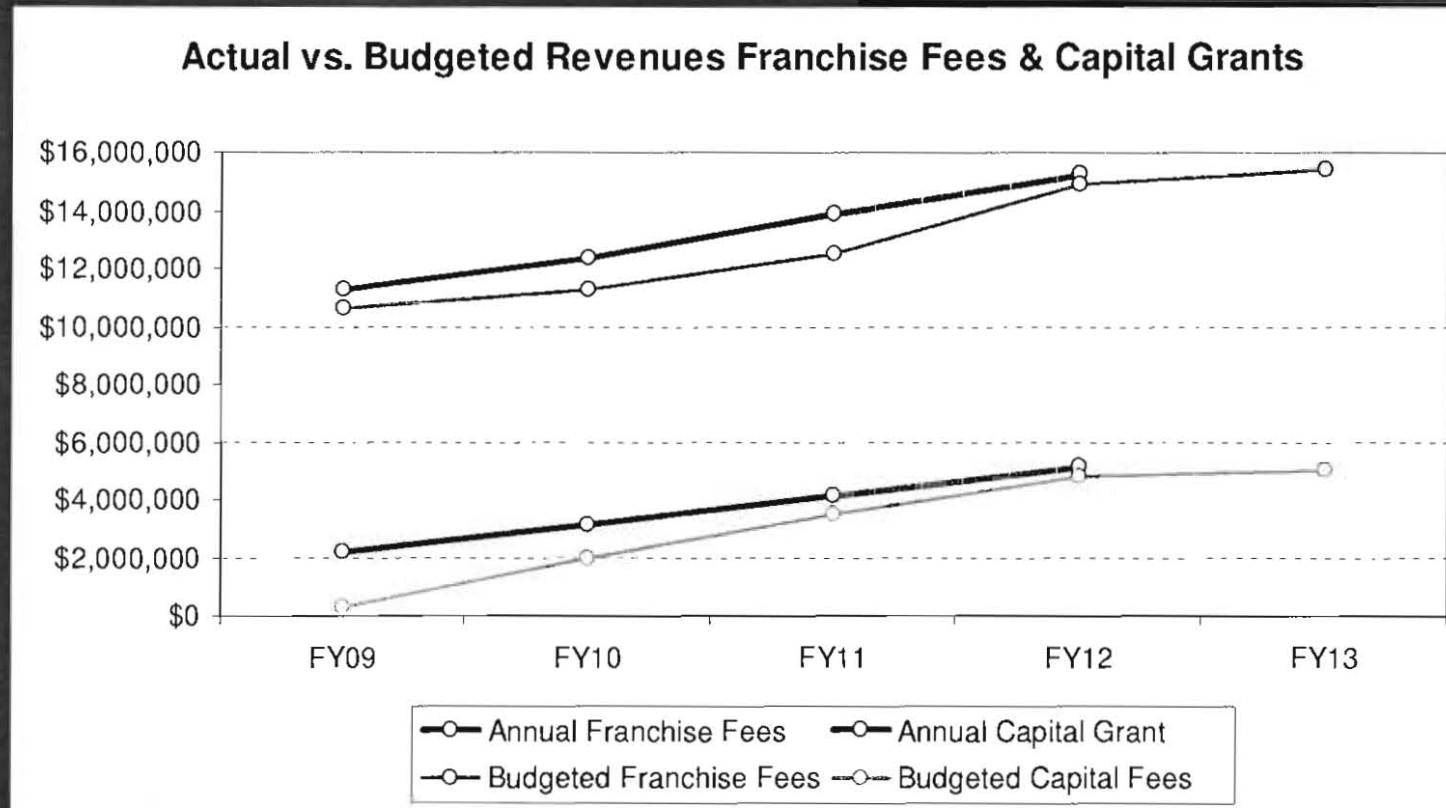
Government Operations & Fiscal Management  
Committee Worksession

November 14, 2011

# Agenda

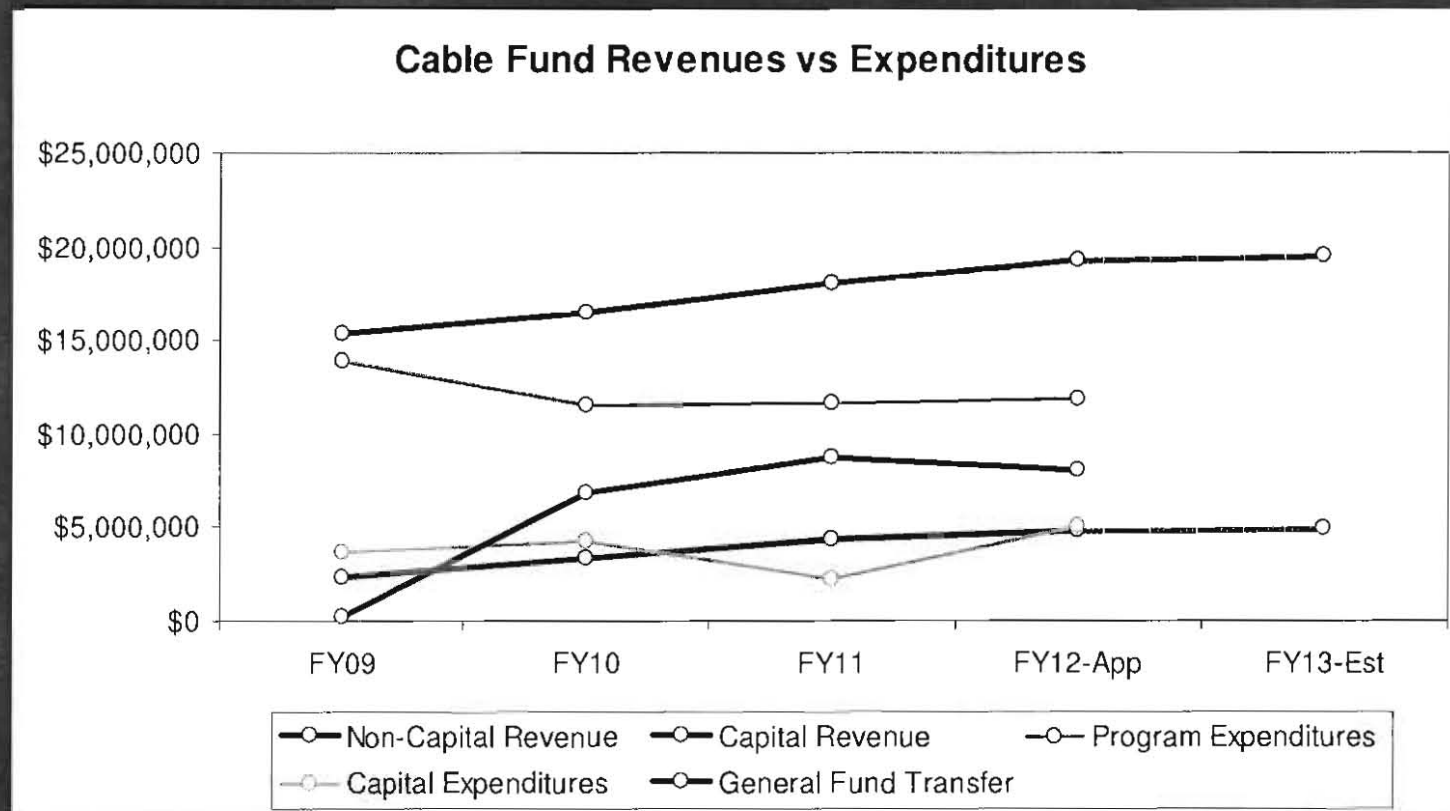
- Fund Revenue & Expenditure Overview
- Current Programs
- FY13 Discussion

# Cable Fund Revenue Overview



- First Quarter revenues slightly exceed FY12 Approved Budget
- Recent revenue projections more closely track actual revenues
- Second Quarter revenues will be received February 1, 2012

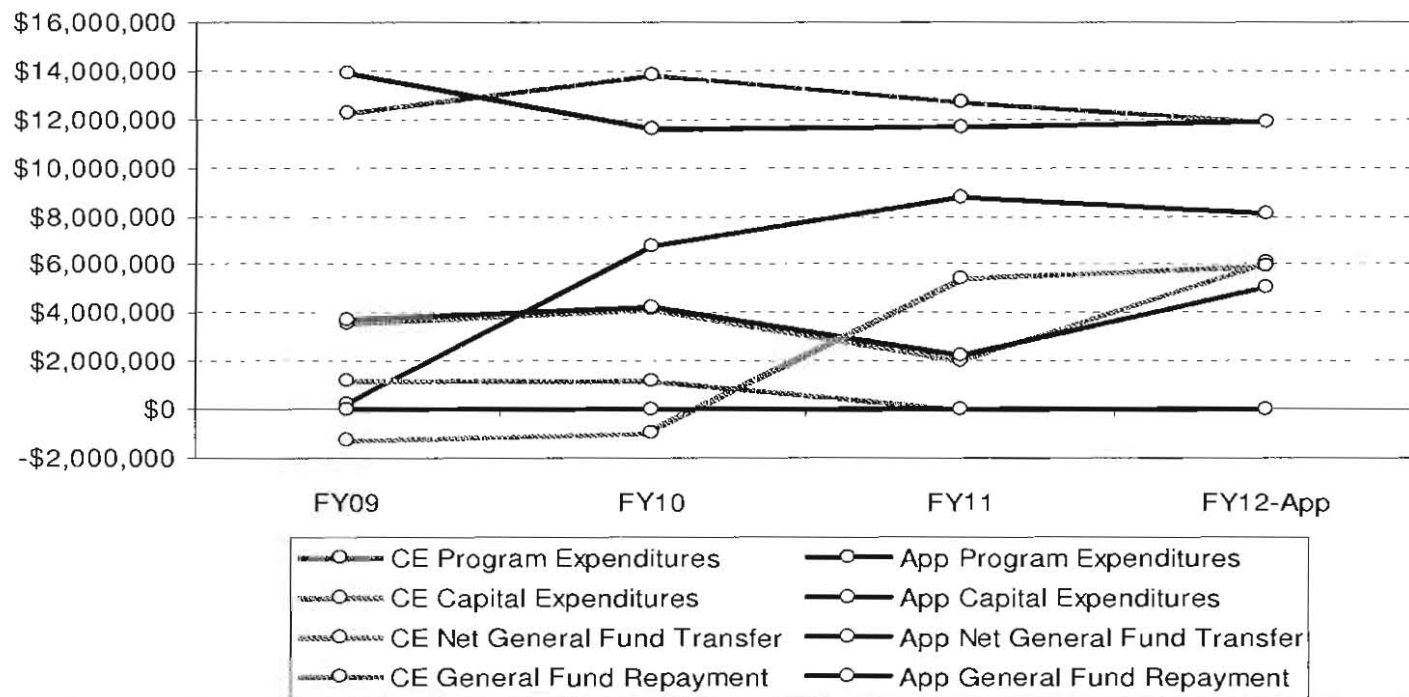
# Cable Fund Expenditure Overview



- Revenue growth significantly exceeds rate of program expenditures
- Cable Fund subscriber line itemizations grew 26% FY09-FY11
- General Fund transfers limit fund transparency

# Cable Fund Expenditure Process

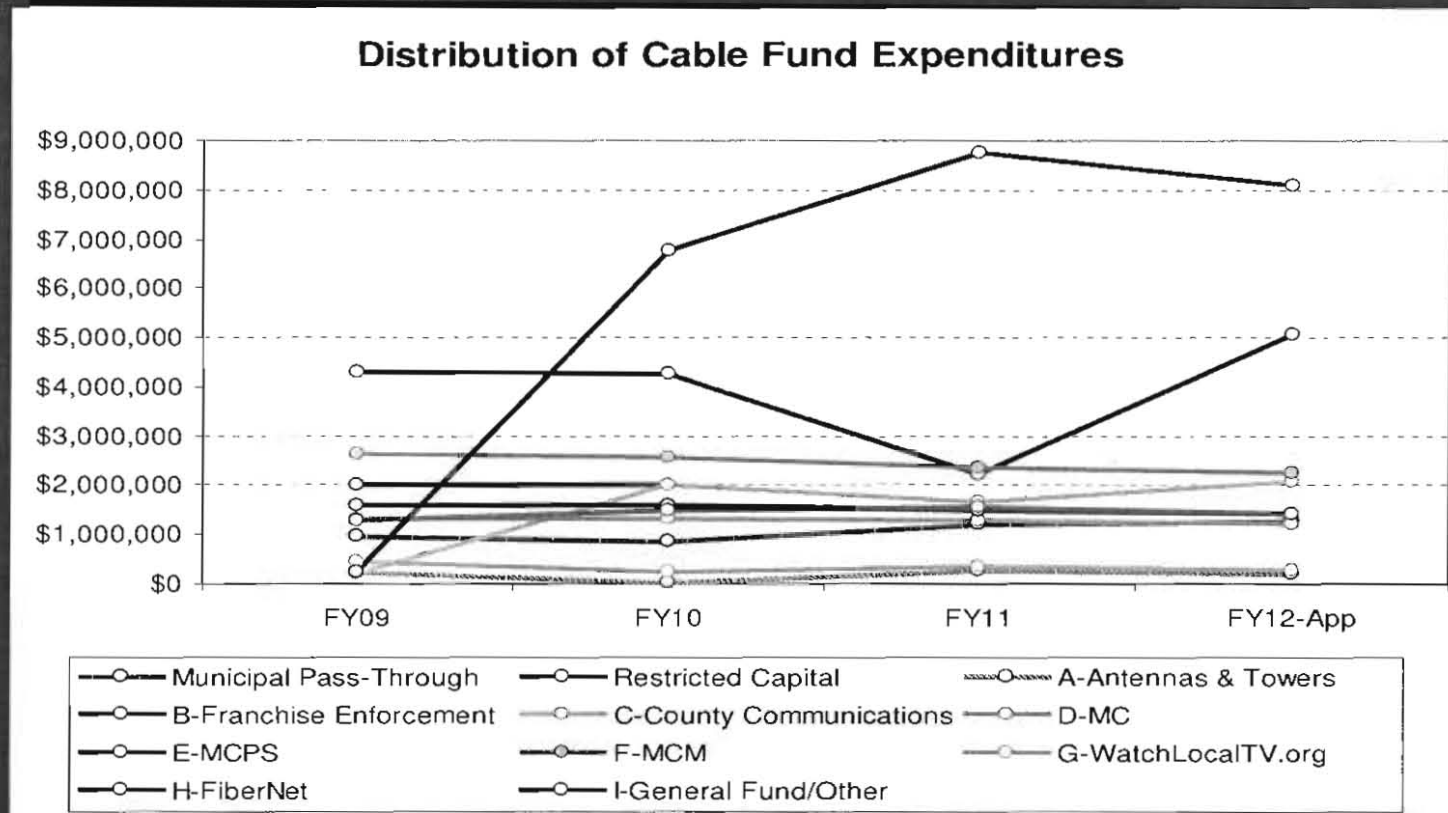
CE Recommended vs Council Approved Expenditures



- Goal of early Council discussion is to incorporate Council priorities into departmental budget submission
- Ascertaining Council priorities and support encourages inclusion of new video, technology and media initiatives in CE Rec Budget



# Cable Fund Expenditure Distribution



- New service offerings and rate increases are driving subscriber line itemization increases
- Communications innovation funding is not increasing similarly



# Cable & Telecom Regulation

- Cable Franchise Enforcement
  - Productivity & Outcome Improvements
  - Consistent Consumer Demand & Satisfaction
- Cable Regulation & Legislation
  - Comcast Renewal
  - FCC Challenges
  - State Communications Tax
- Antennas & Tower
  - Efficiency Improvements

# FiberNet

- ARRA Grant Implementation
  - Peripheral equipment & broadband adoption
- ITPCC Collaboration
  - Centralized resource sharing threatened by disproportion impact of supporting department budget reductions
  - Budgetary support is not keeping pace with network growth and requirements
- Inter-Network Opportunities
  - Operational support and innovation



# WatchLocalTV.org

- Montgomery College
- Montgomery County Public Schools
- County Communications
- Montgomery Community Media
- WatchLocalTV.org Collaboration

# Montgomery County Public Schools

- 2011 Best Educational Access Channel (NATOA)
- Increased Productivity
  - Creating shorter video programs for web and cable television
- Homework Hotline Live!
  - Now in 26<sup>th</sup> season
  - Dramatically increased viewership through use of Twitter, e-mail, and extended hours
- Digital Media Growth
  - Web page views have jumped from 68,000 to 170,000 in two years

# Montgomery College

- 2011 Best Educational Channel (ACM)
- Career Training Student Success Stories
- Developmental Math Support for Students
- Innovative Arts, Cultural, and Career Opportunities Programming
- Popular YouTube Videos and Podcasts

# County Communications

- CCM Programming Evolution
  - *Tertulia*
  - *No Boundaries*
  - *County Report This Week*
  - *Parks Rec n Roll*
- Social Media Innovation
  - YouTube
  - FaceBook
  - Video on Demand
  - Twitter



# Montgomery Community Media

MCM is the **community voice** of Montgomery



## ➤ **We Educate:**

- 1,400 adults and youth educated in media literacy, technology and media arts annually
- MCM provides support for over 13,800 community volunteer hours annually

## ➤ **We Connect:**

- Individual residents of the County produce 17,520 video hours annually on MCM-curated TV channels
- More than 120,000 unique visitors come to the mymcmedia.org website each month

## ➤ **We Inform:**

- More than 100 local candidates for elected office provided voter-education air-time in FY11\*
- MCM distributes more than 700 hours of locally-created community affairs and news programming annually

MCM empowers **multi-cultural media** in Montgomery

- Residents and MCM combine to present nearly 5,000 hours of non-English content annually, in a dozen languages
- 47% of Montgomery Channel 21's broadcast week is in Spanish

MCM empowers **non-profit media** in Montgomery

- More than 100 NPOs use MCM's facilities and channels each year
- MCM media-sponsored the largest volunteer service effort in County, Pledge 25 Campaign
- MCM partnered with Montgomery Works on an economic development campaign featuring career-tip videos... on-air and online

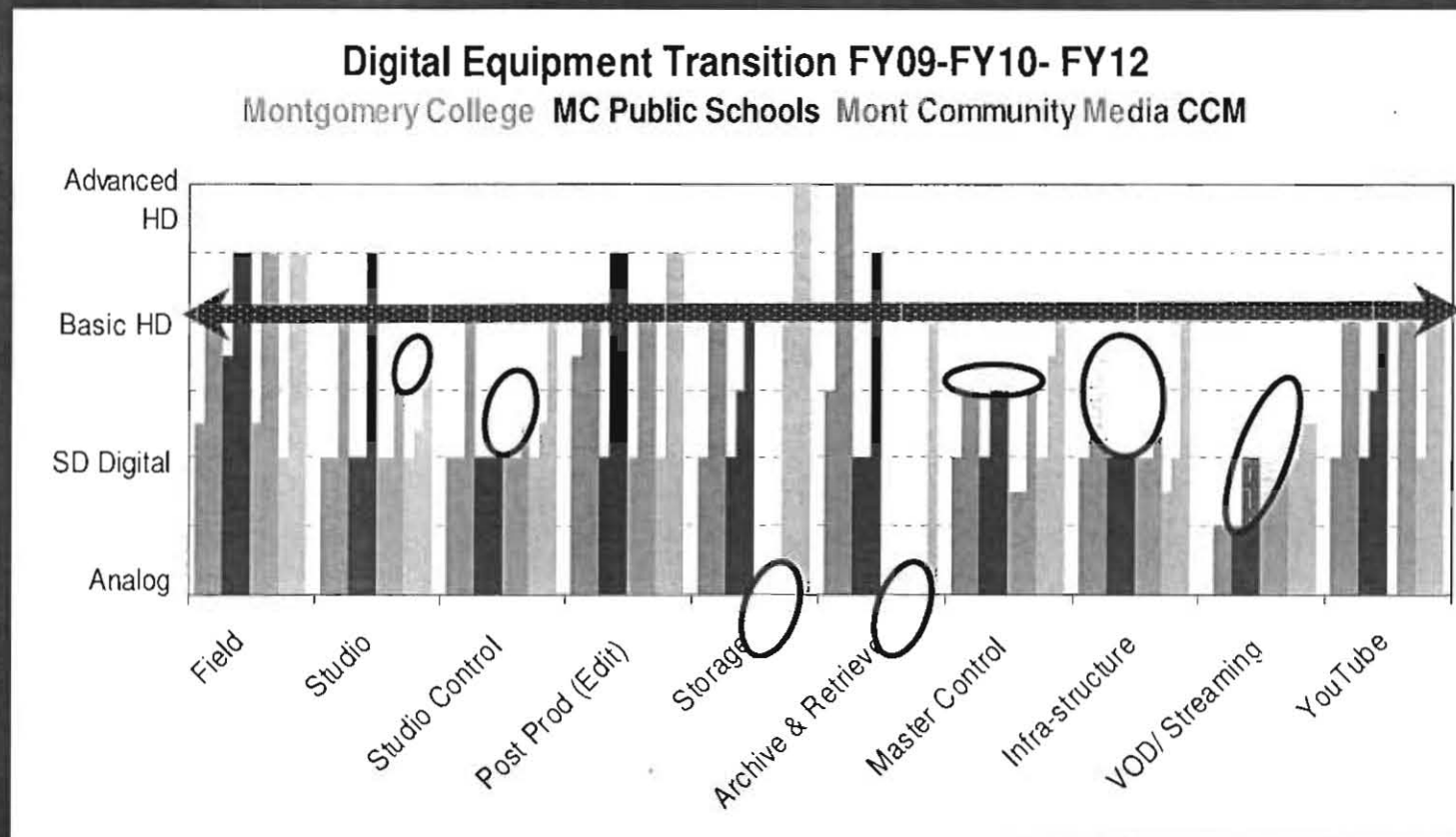
MCM empowers **digital media innovation** in Montgomery

- A new Community Digital Access Center and social media/broadband online channel "The MocoPost" is planned for launch in mid-2012, enabling Google search capability and mobile app delivery for Montgomery resident contributor content

# Collaboration

- County Report This Week Co-Production
- Live Local Election Coverage
- Joint Simulcasting (Youth Town Hall)
- Joint Production Support (Rockville 9.11) & News Gathering
- Expanded Programming Promotion Saturation Programming
- Training Sessions & Peer Review

# Capital Grant



- Goal is transition all stations to HD in 3 years
- Multiple components must be HD to enable HD
- FiberNet CIP will be reviewed through CIP process

# FY13 Potential Innovations

- *Franchising & Regulation*
  - Website Redesign & eReports
  - Broadband Availability & Adoption
  - FCC & State Legislation
- *Antennas & Towers*
  - Rezoning Initiatives
- *FiberNet*
  - Personnel Cost Transfers
  - ITPCC Shared Support Planning
  - Miss Utility Compliance



# FY13 Potential Innovations

- *Youth Media*
  - Workforce Development
  - Student Training in MCPS Middle Schools
  - Summer Programs
  - Equipment
- *Grant Partnerships*
  - AmeriCorp Competitive Member Placement Grants

# FY13 Potential Innovations

- *Open Government*
  - MCM Digital Media Initiatives
  - Website Redevelopment Graphic Design
  - Gathering and Implementing Consumer Input
  - iTablet Council Meeting Coverage
  - Closed Captioning & Translations
  - Provide Communications Support & Promotion of County programs

# FY13 Potential Innovations

- *Video Programming*
  - Maryland General Assembly Coverage
  - MC Lecture Capture
  - Student Learning Acquired Programming
  - MC Weekend & Evening Arts Event Coverage
  - Spanish Radio
  - Health & Human Services, Public Safety and Library Programming

# FY13 Potential Innovations

- *Equipment*
  - HD Transition
  - Wi-Fi Enhancement & Expansion
  - COB Auditorium & Meeting Coverage
  - Video Conferencing
  - Virtual Computing Labs